Department of Economic Development

Accountability Report Fiscal Year 2000/2001

NOVA SCOTIA
Economic Development

October 19, 2001
Department of Economic Development
P.O. Box 519, 1800 Argyle Street, Halifax, Nova Scotia, B3J 2R7

Table of Contents

1.0 Minister's Message 2

2.0 Accountability Statement 3

3.0 Impact of Government Restructuring 4

4.0 Economic Development Goals 5

5.0 Departmental Accomplishments 6

6.0 Communications, Financial and Human Resources Accomplishments 16
- 6.1 Communications Profiles 16
- 6.2 Financial Services Priorities 16
- 6.3 Human Resources Priorities 17

7.0 Financial Results 19

8.0 Lending and Financing Activity 20

9.0 Departmental Structure (2000/2001) 21

1.0 MINISTER'S MESSAGE

Fiscal year 2000/2001 was a year of significant change for economic development in Nova Scotia.

Of particular note was the development and release of *Opportunities for Prosperity*, the province's first economic growth strategy in a decade. In preparing it, we consulted Nova Scotians across the province during more than 100 public meetings on the economic directions the province should pursue. Released in October, the strategy has been well received by the business community and the community at large and has helped guide provincial planning activities for 2001/2002.

After the release of *Opportunities for Prosperity*, we began putting in place the structures needed to support it – specifically, legislation to create Nova Scotia Business Inc (NSBI), the new Crown corporation designed to manage and co-ordinate the province's front-line business development functions, and the appointment of a first-class, private sector board to guide the new organization.

While the department put significant effort into preparing the growth strategy and building the necessary structures to support it, we continued to carry out a wide range of activities designed to achieve departmental goals. We actively pursued foreign and local investment aimed at increasing jobs opportunities across the province. We worked closely with the Department of Finance to improve the climate for Nova Scotia businesses. We supported the efforts of In*NOVA*corp to foster innovative approaches and we aggressively marketed Nova Scotia's competitive advantages to potential investors. We worked with regional development authorities to bring more economic development activities to all parts of the province. And, we continued to make changes necessary to improve the department's credibility on economic development issues and gain the public's confidence in the investment decisions being made to grow Nova Scotia's economy.

2.0 ACCOUNTABILITY STATEMENT

The accountability report of Nova Scotia Economic Development for the year-ended March 31, 2001, is prepared pursuant to the *Financial Measures Act (2000)*. The *Act* requires the reporting of outcomes against the department's business plan for the fiscal year. These outcomes include estimates, judgements, and opinions by departmental management.

We acknowledge that this accountability report is the responsibility of Nova Scotia Economic Development management. The report represents, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the department's business plan for 2000/2001.

Gordon Balser
Minister

Ron L'Esperance
Deputy Minister

3.0 IMPACT ON GOVERNMENT RESTRUCTURING

Opportunities for Prosperity outlines a new, dynamic approach to ensuring that Nova Scotia can benefit to the greatest extent possible from development opportunities. Central to that approach is the creation of two streamlined economic development organizations whose efforts will complement each other: a more focused economic development department and a new Crown corporation called Nova Scotia Business Inc. (NSBI). The changes to the department and the creation of NSBI are quite substantive. These changes were not implemented until fiscal year 2001/2002. They will be detailed in the Accountability Report for FY 2001/2002.

4.0 ECONOMIC DEVELOPMENT GOALS

Goal 1:	**Focus on the development of more high-quality jobs across the province**

Goal 2:	**Establish a business climate that encourages and supports Nova Scotia entrepreneurs**

Goal 3:	**Foster and develop the innovation which enhances economic opportunities and advancement**

Goal 4:	**Promote Nova Scotia's competitive advantages at home and abroad**

Goal 5:	**Support equality of opportunity and sustainable development in Nova Scotia communities**

5.0 DEPARTMENTAL ACCOMPLISHMENTS

Goal 1	Business Plan Priorities 2000 - 2001	Accomplishments
Focus on the development of more high-quality jobs across the province	**A** - Participate in a review of business development tools used in competing jurisdictions and develop options/recommendations for government.	Investment staff completed a comprehensive survey and review of incentives offered by other domestic and international jurisdictions and developed a new framework.
	B - Review and reconfigure investment attraction strategies to support enhanced revenue generation for government.	The payroll rebate program provides incentives for investments of a designated size. It ensures that these incentives are based on the actual jobs created. In 2000-2001, the program assisted four client investors with the creation of more than 2,000 jobs.
	C -Work with the business community to create partnerships in key strategic sectors like information and communication technology (ICT), life sciences/biotechnology, oil and gas.	Staff participated on a number of teams that resulted in: - the development of the Life Sciences Development Association - enhanced funding for the Discovery Centre - Phase II of the UCCB CAD/CAM Centre - targeted funding for TARA - additional support for the Science and Technology Awareness Network.
	D -Identify companies in a position to expand and/or which have export potential, and assist in their pursuit of opportunities.	As part of Trade Team Nova Scotia, staff helped Nova Scotia companies participate in 15 trade missions and counseling programs.
	E - Partner with the Petroleum Directorate, industry, communities and municipal government to achieve maximum economic benefits from offshore energy.	With Finance, the Petroleum Directorate, and industry associations (OTANS, CAPP), NSED staff initiated work on the development of new economic benefits modeling and research.

	F -Encourage business development in the province by providing counseling, monitoring financial support, and other assistance to companies.	The Nova Scotia Business Development Corporation (BDC) authorized financial assistance of $48.9 million to 20 businesses. The assistance went to companies throughout Nova Scotia, resulting in the creation, maintenance, and enhancement of employment opportunities for Nova Scotians. The businesses assisted have annual payrolls of $18.5 million and sales of $220 million. Businesses in BDC's portfolio contribute more than $45 million annually in tax revenues to the province. Under the Industrial Expansion Fund, three loan transactions were authorized for a total of $6.69 million.
	G -Develop the Trade Team Nova Scotia model to further expand trade activity and to provide a corporate focus to trade activity.	15 trade missions were conducted in North America, Europe and Iceland.
	H - Assist companies that are already exporting to expand and find their way into new markets with specialized trade missions.	Staff assisted companies by providing specialized counseling and support as part of ongoing business lines. Staff provided follow-up with trade mission participants and helped to close deals that resulted in more than $10 million in export sales.
	I - Use the Nova Scotia Export Achievement Awards as a tool to draw business attention to the value of exporting.	Nova Scotia Export Achievement Awards was the most successful event to date with more than 350 people in attendance, up from 220 the previous year. A total of $26,000 was raised in private sector sponsorship. There were 10 new Win Exports program registrants and enhanced mentoring of new companies by established firms.

Goal 2	Business Plan Priorities 2000 - 2001	Accomplishments
Establish a business climate that encourages and supports Nova Scotia entrepreneurs	**A** - Lead the development of an economic growth strategy for Nova Scotia and convene economic roundtable sessions to identify priority issues and develop cooperative strategies to achieve sustained economic growth.	After a comprehensive consultation process that involved more than 100 meetings with citizens and sector groups, the Government of Nova Scotia launched a new provincial growth strategy, *Opportunities for Prosperity*. The department has begun major restructuring efforts in support of the strategy. Staff also began implementing activities identified in the strategy.
	B -Make Nova Scotia the most attractive place to do business in Atlantic Canada by guaranteeing that costs imposed by government are the lowest in the region, and by taking a leadership role in isolating impediments to economic growth and making recommendations to government for improvement.	NSED staff co-operated with the Red Tape Reduction Task Force and included red tape reduction principles in the "Business Climate" section of the strategy.
	C -Work with the departments of Service Nova Scotia & Municipal Relations, and Finance and with federal partners to evaluate business regulations and costs, assess and recommend tax measures, evaluate business service delivery throughout the province and advocate changes to improve the competitiveness of Nova Scotia's business climate relative to other jurisdictions.	Staff contributed a business perspective to the Red Tape Reduction Task Force and participated in the Tax Credit Review.
	D -Support Priorities and Planning and other departments in developing a process for an economic development review of new regulatory/program measures proposed to government.	Staff participated in several sessions of the Red Tape Reduction Review.
	E - Work with other departments to simplify Nova Scotia's regulatory environment without jeopardizing the safety of workers.	Staff participated in the regulatory assessment and review process with other departments.

	F - Support the Labour Market Secretariat in identifying and anticipating labour market needs, and work with the education sector and industry to develop programs to meet human resource requirements.	Staff participated on the Skills Nova Scotia Task Team working on labour market matters. They reviewed labour market development policies and provided guidance to senior government officials. Staff supported local implementation of the Canada-Nova Scotia Labour Market Development Agreement (LMDA) and co-ordinated the work of federal-provincial committees working on the three LMDA priorities: Early Years (ages 0-6), Information Technology and Literacy.
	G -Explore opportunities to consolidate administrative duties of provincial government lending agencies in an effort to increase cost effectiveness.	A consultant's report examining the feasibility of consolidating administration of provincial government lending agencies was and is under consideration by staff.
	H -Provide economic planning and policy direction to infrastructure development efforts, including the pursuit of fair treatment from Ottawa for upgrades to the Port of Halifax.	Staff led a team of Finance and Transportation & Pubic Works representatives to advance planning and discussion for a future Port of Halifax container terminal. Infrastructure was identified as a strategic direction in *Opportunities for Prosperity*.
	I -Work with railway companies to upgrade rail links to North American markets through New England and extend private short lines in Nova Scotia.	High-level discussion took place with major railway interests. In the context of the Voluntary Planning Multi-Model Transportation Framework, NSED interacted with short-haul railroads on marketing and business climate issues.

Goal 3	Business Plan Priorities 2000 - 2001	Accomplishments
Foster and develop the innovation which enhances economic opportunities and advancement	A -Identify and celebrate rural innovators in traditional industries and small businesses to further encourage innovation.	Staff helped co-ordinate the Planet Entrepreneur Awards during the Spirit of Entrepreneurship Conference in Moncton that saw the YES Business of the Year award go to a youth in Cape Breton. The Nova Scotia Business Idea Explorer website provides information on 60 types of businesses as a starting point for individuals wanting to set up a rural or urban business. The website gives individuals an opportunity to learn online some of the basic dos and don'ts of entrepreneurship.
	B -Work in conjunction with, and as an advocate for, the private sector in pursuit of economic opportunities arising from key strategic sectors like ICT, life sciences, and offshore energy.	The Canada/Nova Scotia COOPERATION Agreement on Economic Diversification (EDA) provided support to more than 20 business and sector associations including ITANS, NovaKnowledge, AMRS, AANS, BBI, BioNova, LSIP ,OTANS, MIANS, Mediafusion, STANET, MISA, and NEWD.
	C- Position the province in developing partnerships to maximize the inherent advantages Nova Scotia enjoys though strategic infrastructure projects.	Additional funding was provided through the EDA to the Guysborough Petroleum Office. Staff supported the efforts of the Guysborough Petroleum Office regarding incoming investment proposals linked to the offshore oil and gas pipeline and related business activities. Staff also assisted Halifax, Sydney and Yarmouth airports with marketing and business planning.

	D - Work with TSS, the federal government, academia and the private sector community to exploit government's potential use of IT to enhance economic growth and competitiveness, including the creation of opportunities in e-commerce and web-enabled technologies.	Working through the Information Economy Initiative Council, staff contributed to a number of IT projects including Dalhousie University's Global Information Network Initiative, the Community Access Program, Smart Communities, the Information Economy Initiative (IEI) and others. Staff also worked on a procurement strategy for the province with a planned release date of Fall 2001. A Digital Economy Task Force was established to look at the far reaching and substantial economic opportunities in the use of digital media in business and government. An interdepartmental working group has begun to chart a future direction for new initiatives.
	E -Continue to work with In*NOVA*corp to aggressively seek out and encourage companies that would benefit from R&D investment, incubation and innovation.	Staff continue to participate in a number of working groups with In*NOVA*corp staff.
	F -Collaborate with Intergovernmental Affairs to: ▸ maintain contact with Ottawa and key strategic markets to help business identify and compete for large government contracts ▸ pursue partnerships with the federal government concerning the development of centres of excellence in research	Staff were active in the following areas: maximizing the impact of large Crown procurements, assisting Eurocopter in its bid for federal procurement contracts, hosting an aerospace industry promotion in Ottawa and sponsoring a high-tech skills training roundtable.

Goal 4	Business Plan Priorities 2000 - 2001	Accomplishments
Promote Nova Scotia's competitive advantages at home and abroad	**A-Capitalize on Nova Scotia's developing international presence and accelerate export growth through a redefined corporate marketing strategy. Specific activities include developing Brand Nova Scotia/Buy Nova Scotia and marketing Cape Breton.**	Staff co-ordinated a working group that included representatives of Agriculture and Fisheries, Tourism and Culture to study a Brand Nova Scotia Program as referenced in *Opportunities for Prosperity*.
	B -Establish a Buy Nova Scotia First program, an aggressive and sustained multi-media marketing campaign to increase consumer awareness of Nova Scotia products and services, including the promotion of Nova Scotia's arts/craft industry as an integral sector of our economy.	The working group developed a proposal for the Brand Nova Scotia concept.
	C -Aggressively market Nova Scotia products abroad by working with other departments to ensure marketing efforts aimed at specific industries reflect the Brand Nova Scotia concept.	A work plan was prepared for a Buy Nova Scotia First Program (now known as Nova Scotia Business Opportunities Initiative).
	D -Market new initiatives that demonstrate industrial Cape Breton's economic diversity, by promoting high-tech sectors and the work carried out at Silicon Island to develop the film, video and multi-media industries.	Cape Breton was a leading partner in the early development of the Target Nova Scotia program which presents key community economic development information and indicators to prospective investors and site selectors on the web. Staff participated on an intergovernmental team to determine government priorities for Cape Breton development. Staff reviewed the business case for further development of Silicon Island as part of a team led by TSS.
	E - Lead the development and implementation of government's plan to market Nova Scotia's competitive advantages to attract investment from outside the province, through both partnerships and direct initiatives.	Investment projects creating more than 2000 jobs were completed.

Goal 5	Business Plan Priorities 2000 - 2001	Accomplishments
Support equality of opportunity and sustainable development in Nova Scotia communities	A -Work with municipal and federal partners to establish a long-term sustainability mechanism for regional development authorities (RDA), based on recommendations from the RDA evaluation.	Additional funding for one year was secured for RDAs and negotiations continued for further funding.
	B -Continue to foster the development of, and increase the authority of, RDAs to act as primary economic growth agents in their own communities, and encourage strategic alliances among them to take advantage of export opportunities and manage mutual issues.	A number of special projects were developed: - Southwestern Region Transportation Strategy -Target Nova Scotia -Strait area pipeline development planning -Fundy Marine Services Strategy
	C-Work to identify economic opportunities for rural Nova Scotia.	Staff worked with Natural Resources (DNR) to develop two potentially economically viable mineral deposits in Cape Breton – marble and barite. NSED continues to support "Mining Matters" -an event which is part of a DNR program that distributes information about mineral-related opportunities in Nova Scotia. The Black Business Initiative, (BBI) provided 20 loans for a total of $215,000 that leveraged $101,000 in funds. Services were provided to more than 185 clients. Forty-nine jobs were created or maintained. NSED provided support to Women For Economic Equality (WEE) by holding 286 networking meetings and linking 256 women with agencies through WEE's networking model. Staff participated in the Tripartite Forum which is a mechanism for the three levels of government, i.e. federal, provincial, Mi'kmaq to address issues of mutual concern. NSED assisted through the EDA in projects addressing aboriginal procurement, employment/training, and economic development at the community level.

	D -Work with RDAs to develop a consistent approach to investment and trade, including establishment of key community attributes and resource information	A unique web database is being developed for posting to www.targetnovascotia.com . The database is being developed on a GIS platform to gather and present community investment profiles for quick and easy access by potential investors and site selectors. The innovative project represents a partnership of more than 30 business, government and community organizations.
	E - Work with other departments and the federal government to ensure infrastructure investments are carefully planned so as to build on regional potential and regional advantages and help companies grow.	Staff completed negotiations for the Cape Breton Growth Development Fund (CBGF), a four-year, business-led federal Crown corporation. CBGF ($12 million provincial; $68 million federal) was launched in Fall 2000. MOU and contribution agreement signed, with joint staffing of transition office in Cape Breton. Cooperatives Branch continued to support the activities and meet the needs of the approximately 300, largely rural-based, co-ops. This included overseeing the wind-up and amalgamation of several co-ops and incorporating 25 new ones. This sector represents a significant economic force in the province with sales of more than $315 million annually, more than 37,000 members and more than 2200 part-time and 781 full-time employees.
	F-Ensure rural Nova Scotians continue to have the opportunity to access the financing needed to expand industry, create jobs and enjoy the benefits of an expanded economy.	The BDC administers 17 industrial parks with a net value of $14 million in locations around the province. In 2000/2001, the BDC provided assistance to businesses throughout the province, protecting or leading to the creation of 1,284 jobs.
	G - Evaluate the effectiveness of the Youth Entrepreneurial Skills (YES) program to provide support for business establishment/growth within the province.	Program was evaluated. In 2000, 45 business were established creating 60 jobs.

	H -Enhance small business job creation by continuing to support entrepreneurship through YES, the Centre for Entrepreneurship Education and Development (CEED), First Step, and other programs through the business service centres.	Provided funding for staff at Open for Business venues. Successfully operated the YES Program, creating 45 businesses. Celebrated achievements in entrepreneurship at regional and provincial awards luncheons and provided scholarships to more than 20 young entrepreneurs. Provided core funding to CEED through the EDA Agreement. Funded projects which saw the creation of Nova Scotia Business Ideas Explorer website, the Entrepreneurial Skills Program at Dalhousie and UCCB under the EDA and provided entrance scholarships to six students. Provided funding that saw the expansion of the Open for Business network to three locations in Cape Breton under the EDA. Through a $4.75 million total investment in the Provincial Employment Program (PEP), staff helped to create 1948 career-oriented jobs for individuals across Nova Scotia. Increased activity from business service centres.
	I - Promote Community Economic Development Investment Funds (CEDIFs), an initiative under the Nova Scotia Equity Tax Credit Program, as a vehicle to invest in the provincial economy.	CEDIFs are a financial vehicle available to companies and community groups that make it possible for community members to invest in local enterprises at reduced risk. 12 projects registered worth approximately $2.5 million.

6.0 COMMUNICATIONS, FINANCIAL AND HR ACCOMPLISHMENTS

6.1 Communications Priorities

Staff were instrumental in planning and preparing communications materials for key activities of the department during the 2000-01 fiscal year.

Activities included drafting, editing and producing the province's economic growth strategy, *Opportunities for Prosperity*. Beyond preparation of the actual document, communications staff also developed collateral materials and provided advice for the document's public unveiling.

Staff worked with Department of Justice officials to prepare the talking points and key messages needed to introduce Nova Scotia Business Inc. (NSBI) legislation, and later, news releases announcing the Crown corporation's first board and chairperson and proclamation of the NSBI Act.

Communications played an instrumental role in ensuring Nova Scotia Economic Development staff and stakeholders received regular updates on restructuring efforts. These updates were provided through a series of electronic information bulletins to staff in the department and letters to stakeholders.

Staff developed communications plans for approximately 70 projects and activities supported by the department, including major marketing efforts like the department's role in Softworld 2000. These plans were accompanied by briefing notes, talking points, and news releases.

Working with our federal partners, staff also co-ordinated news conferences and communications materials for federal-provincial projects funded through the Economic Diversification Agreement and the Cape Breton Growth Fund.

6.2 Financial Services Priorities

During 2000-2001, key initiatives were undertaken by the Financial Services Group to support Nova Scotia Economic Development.

Group staff provided financial expertise and advice to the department in support of the government's objective of balancing the budget and providing a 10% tax reduction.

The CSU supplied financial information, which contributed to the preparation of the departmental business plan and financial analysis and advice during the development of the department's operating budget, ensuring departmental targets were met.

Complete, timely and accurate financial information was supplied to the senior management team and the deputy minister on an ongoing basis.

Staff analyzed departmental expenses and recoveries and prepared a monthly forecast report for senior management review.

The Financial Services Group met with the department's senior management regularly to discuss monthly forecasts and other issues relating to departmental spending.

To facilitate effective decision-making, Finance CSU staff ensured the accurate recording of all assets in accordance with the Tangible Capital Assets Policy.

The Financial Services Group will continue to build and strengthen the relationships with the department's staff to improve our understanding of the department's business and understand our customers needs.

The group met with senior management on a monthly basis to discuss the senior management report with relation to departmental spending against authority/forecast.

Staff attended senior management meetings on a regular basis to exchange information. They also attended strategic business planning sessions with senior management of the department.

Staff of the Financial CSU were members of departmental project teams, providing financial advice and assistance.

6.3 Human Resources Priorities

The Human Resources component of the 2000-01 Business Plan addressed the CSU's responsibility for providing human resources services to client departments, with specific emphasis on recruitment and selection followed by appropriate training, guidance and development. Other initiatives included participation in the delivery of various corporate programs as well as the delivery of programs specific to each client department.

Human Resources (HR) staff played a very active role throughout the year in delivering on the CSU's commitment to ensure appropriate staffing decisions were made at all levels in client departments. Once hired, management and staff participated in orientation sessions and in sessions on attendance management.

HR staff conducted sessions on performance management in the department to deliver on the corporate agenda. They also co-ordinated the delivery of sessions on "Coaching for Performance" to senior management.

There were two other projects that did not come to fruition. The Telework pilot project was rolled out to the broader human resources community by the Department of Human Resources but was subsequently withdrawn by the central agency. As well, HR staff had intended to participate in the delivery of an affirmative action pilot program but, although drafted, the pilot program was not launched by the HR department.

Another corporate initiative HR was responsible for implementing was the Occupational Health and Safety Program for each client department. Programs were developed and implemented with guidance and direction from an Occupational Health and Safety consultant. The consultant's

position, along with four others, was subsequently eliminated relatively early in the fiscal year. Consequently, there was minimal HR CSU involvement following the departure of the consultant.

In addition to the above, there was significant restructuring activity in Nova Scotia Economic Development with the emergence of Nova Scotia Business Inc. The work generated by the restructuring was interesting and challenging but also served to stretch HR's somewhat depleted resources considerably.

7.0 FINANCIAL RESULTS

Core Business Functions	Budget Allocations (thousands)		
	2000-01 Estimate	2000-01 Actual	Explanation of Variance
Senior Management, Strategic and Support Services	3,660	2,723	Savings are the result of salary savings due to staff turnover and administrative savings.
Provincial Employment Program	4,675	4,675	
Community Economic Development	2,463	2,500	Variance is not material
Investment and Trade	2,636	2,536	Savings are the result of salary savings due to staff turnover and operational savings.
Lending and Financing	1,353	1,383	Variance is not material.
Funds for Non-Departmental Agencies	5,546	5,549	Variance is not material.
Total Departmental Operations	20,333	19,366	
Investment and Special Assistance	13,400	14,823	Variance the timing of companies start up and employment creation.
Provision for Losses on Doubtful Accounts	2,000	18,316	Variance reflects an increase in allowance for potential account losses, as a result of portfolio review using GAAP.
Funds for Federal-Provincial Economic Co-operation	13,300	11,476	Savings is the result of commitments made under the Economic Diversification Agreement that were not met as anticipated.
Total Funds for Strategic Investment	28,700	44,324	
Total	49033	63,981	

8.0 LENDING AND FINANCING ACTIVITY BY COUNTY

No. of Loans	County	Amount Approved	Employment
1	Annapolis	150,000	45
2	Antigonish	225,000	18
1	Cape Breton	250,000	50
3	Colchester	1,475,000	107
1	Cumberland	38,850,000	450
2	Digby	1,050,000	184
4	Halifax	1,289,500	285
1	Hants	110,000	60
2	Kings	5,091,000	10
1	Lunenburg	250,000	7
2	Yarmouth	226,500	68
20		**48,967,000**	**1,284**

9.0 DEPARTMENTAL STRUCTURE (2000/2001)

EXECUTIVE ORGANIZATION